



# **Problems with Existing Transmission Planning and the CPUC's Solutions**

**California Energy Commission Transmission Workshop**

**April 5, 2004**

# **The CPUC has Several Active Proceedings on Transmission Issues**

**The CPUC has several active Transmission proceedings:**

- 1 The Transmission OII- reviewing the economic methodology to be used to assess transmission projects, Tehachapi proceeding to assess transmission for renewables.**
- 2 The Transmission Streamlining OIR- looking at changes to GO 131-D to streamline and improve the existing transmission assessment process**
- 3 Prominent CPCNs currently pending: Jefferson Martin, Mission-Miguel, Tehachapi**

# **Problems with Existing Transmission Planning**

- **Lack of comprehensive planning**
- **Balkanization of the Existing process**
- **Redundancies in the Existing process between the ISO and CPUC**
- **Lack of a dynamic method to assess project economics**
- **Sufficient coordination for Federal & State policy (e.g. Deliverability, capacity rules, interconnection rules, transmission pricing)**

# **The Transmission OII and Development of a Economic Methodology**

- **We need a more robust methodology for evaluating the economics of transmission given market dynamics**
- **The ISO is developing an economic methodology**
- **The biggest challenge is modeling the potential for market power**
- **The CPUC will evaluate the ISO's methodology in the transmission OII (I.00-11-001)**
- **The ISO is conducting workshops to develop the methodology**
- **The ISO will submit its proposed methodology to the CPUC in June 2004.**
- **The CPUC anticipates a decision on the Economic**

# **Proposed Changes to Streamline Transmission Assessment**

- **Transmission will be integrated into the the utilities long-term plans to ensure a comprehensive planning approach**
- **The ISO will assess whether a project in IOU authorized long term plan is required for economic and/or reliability reasons**
- **To the extent that the ISO uses an agreed upon standard for assessment the CPUC will not revisit the question of “need” in the CPCN process**
- **Deliverability of capacity resource is being addressed in the CPUC procurement proceeding**

# **The Streamlining Transmission OIR**

- **Recognizes the inefficiencies and redundancies in the existing process.**
- **Proposes changes to General Order 131-d to utilize the ISO's determination of transmission need.**
- **The CPUC will not revisit the question of need to the extent that the ISO has assessed the project using a commission approved economic evaluation and reliability standard.**
- **The CPUC anticipates a final decision in fall 2004**